

Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 EA-09 ISO-00 CIAE-00 DODE-00 PM-04
H-02 INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01
SP-02 SS-15 COME-00 DOTE-00 FMC-02 CG-00 DLOS-09
OES-06 OMB-01 TRSE-00 JUSE-00 INRE-00 USIE-00
NSCE-00 SSO-00 /089 R

DRAFTED BY EB/TCA/MA:JAPURNELL:BST
APPROVED BY EB/TCA/MA:CTAYLOR,JR.
FMC:NBAYER
EUR/SOV:JATREICHEL
EUR/RPE:ADSENS

-----052248Z 074186 /63

O 052221Z APR 77
FM SECSTATE WASHDC
TO AMEMBASSY MOSCOW IMMEDIATE
AMEMBASSY COPENHAGEN
AMEMBASSY OSLO
AMEMBASSY STOCKHOLM
AMCONSUL HAMBURG
AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY BRUSSELS
AMEMBASSY THE HAGUE
AMEMBASSY ATHENS
AMEMBASSY TOKYO
USMISSION EC BRUSSELS
USMISSION OECD PARIS

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E.O. 11652:N/A

TAGS: EWWT, UR, EEWT
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SUBJECT: FEDERAL MARITIME COMMISSION DECISION CONCERNING
SOVIET ENTRY INTO SHIPPING CONFERENCES

1. ON APRIL 4, THE FEDERAL MARITIME COMMISSION (FMC)
ISSUED AN ORDER SETTING DOWN FOR HEARING TWO PROPOSED
AMENDMENTS TO CONFERENCE AGREEMENTS THAT WOULD ALLOW SOVIET

AND OTHER CLASS AA CARRIERS (ESSENTIALLY NON-CONTAINER, NON-ROLL ON/ROLL OFF CARRIERS) TO PARTICIPATE IN TWO NORTH ATLANTIC SHIPPING CONFERENCES AT A RATE DIFFERENTIAL FOR A TWO-YEAR PERIOD. THE COMMISSION EMPHASIZED THAT BY DECIDING IT COULD NOT APPROVE THE AGREEMENTS FORTHWITH, WITHOUT THE BENEFIT OF PUBLIC HEARINGS, IT DID NOT THEREBY REPUDIATE THE PRINCIPLES CONTAINED IN THE LENINGRAD AGREEMENT, NOR WAS THE ORDER FOR HEARING TO BE CONSTRUED AS ANY INDICATION OF THE COMMISSION'S DISPOSITION TOWARD APPROVAL OR DISAPPROVAL OF THE PROPOSED AMENDMENTS.

2. IT WILL BE RECALLED THAT, IN ESSENCE, THE LENINGRAD AGREEMENT WAS DESIGNED TO ENCOURAGE THE ENTRY OF SOVIET CARRIERS INTO CONFERENCES IN THE LONG RUN, AND TO ENCOURAGE THEM TO RAISE THEIR RATES IN THE SHORT RUN. THE LENINGRAD AGREEMENT WOULD ALLOW SOVIET AND OTHER CLASS AA CARRIERS IN THE NORTH ATLANTIC TRADES TO CHARGE LESS THAN FULL CONFERENCE RATES FOR A TWO-YEAR PERIOD, UNTIL, PRESUMABLY, ACQUISITION OF CONTAINER AND OTHER CELLULAR VESSELS WOULD ALLOW THEM TO COMPETE ON A SERVICE BASIS WITH MODERN WESTERN SHIPPING LINES.

3. THE FMC ORDER OF INVESTIGATION AND HEARING STATES THAT THE COMMISSION IS PERSUADED THAT QUESTIONS RAISED BY THE ANTITRUST DIVISION OF THE DEPARTMENT OF JUSTICE AND OTHERS REQUIRE A HEARING TO ALLOW THEIR FULL DEVELOPMENT.

4. IN A SEPARATE PUBLIC STATEMENT, CHAIRMAN BAKKE STATES HIS UNDERSTANDING OF THE COMMISSION'S DECISION TO ORDER UNCLASSIFIED

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A HEARING. OTHERWISE, HE SAID, COMMISSION APPROVAL AT THIS TIME ALMOST CERTAINLY WOULD HAVE BEEN FOLLOWED BY PETITIONS FOR INJUNCTIVE RELIEF AND JUDICIAL REVIEW IN THE FEDERAL COURTS. (MR. BAKKE DID NOT VOTE ON THIS CASE.)

5. IF, AS THE FMC PREFERS, THE HEARING CAN BE LIMITED TO WRITTEN AFFIDAVITS, THE PROCESS MIGHT BE EXPECTED TO TAKE 4 TO 6 MONTHS. IF ORAL TESTIMONY AND CROSS-EXAMINATION TAKE PLACE, IT IS DIFFICULT TO PREDICT HOW MUCH LONGER THE PROCESS MIGHT REQUIRE.

6. DURING HIS TRIP TO MOSCOW APRIL 6-10, MR. BAKKE WILL ATTEMPT TO REASSURE THE SOVIETS THAT, IN THE WORDS OF HIS PUBLIC STATEMENT, QUOTE THERE IS YET AMPLE OPPORTUNITY FOR PURSUIT, BY BOTH SIDES, OF THE PRINCIPLES AND ACTIONS CONTEMPLATED BY THE LENINGRAD AGREEMENT. I TRUST THAT, DISAPPOINTMENT NOTWITHSTANDING, THE SOVIET CARRIERS WILL CONTINUE DISCUSSIONS AND APPROPRIATE ACTIONS IN THE SPIRIT OF THE LENINGRAD AGREEMENT. UNQUOTE.

7. ALL POSTS EXCEPT MOSCOW: PLEASE INFORM FOREIGN OR
SHIPPING MINISTRIES OF FMC DECISION.
VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEMBERSHIP, MARINE TRANSPORTATION, EAST WEST TRADE, MEETINGS
Control Number: n/a
Copy: SINGLE
Sent Date: 05-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: JAPURNELL:BST
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770118-1070
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770485/aaaacwll.tel
Line Count: 120
Litigation Code IDs:
Litigation Codes:
Litigation History:
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Message ID: 5f0befa9-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
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Review Withdrawn Fields: n/a
SAS ID: 2889957
Secure: OPEN
Status: NATIVE
Subject: FEDERAL MARITIME COMMISSION DECISION CONCERNING SOVIET ENTRY INTO SHIPPING CONFERENCES
TAGS: EWWT, EEWL, UR
To: MOSCOW COPENHAGEN MULTIPLE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/5f0befa9-c288-dd11-92da-001cc4696bcc
Review Markings:
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